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March 16, 1970

MEMORANDUM FOR DR. HENRY KISSINGER
DEPUTY UNDER SECRETARY SAMUELS

FROM: PETER FLANIGAN

Regarding the continued strong desire that the Shah be helped in the financing of his development program, I had an additional talk with Collado of Standard of Jersey as our prime contact with the Consortium. In addition, in accordance with Dr. Kissinger's suggestion that contact be made with the British Embassy, I talked with their Economic Counselor, Derrick Mitchell.

The current status of the negotiations is that the Shah is asking for \$1,155,000,000 of oil lifting by the Consortium out of the proceeds of which he will repay the \$83,000,000 of advances loaned to Iran by the Consortium. The Consortium has agreed to a lifting of \$1,010,000,000 worth of oil.

I have urged on Collado and Mitchell that in addition to its lifting of \$1,010,000,000 of oil the Consortium agree to defer further the \$83,000,000 of debt and make available an additional \$7,000,000 thus providing the Shah with \$1,100,000,000 in the upcoming year. While this is a stopgap solution, it will meet the problem, at least at the current time.

Collado made no commitment to follow the suggestion, however, he did indicate that it might be a reasonable solution and led me to believe that he would pursue it. Mitchell indicated that he thought this could be a helpful solution and agreed to urge the suggestion on the British members of the Consortium.

I have not informed the Iranians that this suggestion has been made.

FLANIGAN, Peter